

June 25, 2021

VIA ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 5073 – Retail Energy Supply Association (RESA)
Petition for Implementation of Purchase of Receivables Program
Responses to Record Requests**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”) enclosed please find an electronic version¹ of the Company’s responses to the record requests issued at the Commission’s evidentiary hearing in the above-referenced matter.

Thank you for your attention to this filing. If you have any questions or concerns, please do not hesitate to contact me at 401-784-4263.

Sincerely,



Andrew S. Marcaccio

Enclosures

cc: Docket 5073 Service List
Jon Hagopian, Esq., Division
John Bell, Division

¹ Per Commission counsel’s update on October 2, 2020, concerning the COVID-19 emergency period, the Company is submitting an electronic version of this filing. The Company will provide the Commission Clerk with five (5) hard copies and, if needed, additional hard copies of the enclosures upon request.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Joanne M. Scanlon

June 25, 2021
Date

**Docket No. 5073 – Retail Energy Supply Association Petition for Implementation of Purchase of Receivables Program
Service List updated 5/17/2021**

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The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5073
In Re: Retail Energy Supply Association (RESA)
Implementation of Purchase of Receivables Program
Responses to Record Requests Issued at the Evidentiary Hearing
On June 17, 2021

National Grid
Record Request No. 1

Request:

RR-1 (Grid) Paragraph B.3 contemplates National Grid purchasing “existing receivables.” Assuming the POR were approved for effect July 1, 2021, please quantify the amount of existing receivables that would be purchased, provide the average age, and identify the oldest.

Response:

Please see Attachment RR-1 for the amount of existing non-regulated power producer (“NPP”) accounts receivable at the most recent month-end of May 2021. Note that the system report that provided the data breaks down the NPP accounts receivable by residential and non-residential. It does not parse out industrial.

Non-Regulated Power Producers Aged Existing Receivables in Rhode Island
Month-End May 2021

		TOTAL A/R	Current	30	60	90	120	150	180	210	240	270	300	330	360+
NPP AR	Res	2,722,000	1,500,797	292,376	202,998	214,412	149,348	76,646	47,274	35,044	32,807	24,627	16,243	9,423	120,005
	Comm	8,415,480	6,414,335	877,203	259,523	191,266	150,212	115,119	70,318	57,512	65,481	55,955	30,449	16,986	111,120
	Tot	\$ 11,137,480	\$ 7,915,133	\$ 1,169,579	\$ 462,522	\$ 405,678	\$ 299,560	\$ 191,766	\$ 117,593	\$ 92,556	\$ 98,288	\$ 80,582	\$ 46,692	\$ 26,409	\$ 231,124
		TOTAL Counts	Current	30	60	90	120	150	180	210	240	270	300	330	360+
NPP Counts	Res	31,254	24,979	2,327	983	743	542	340	231	201	196	107	34	21	550
	Comm	8,480	6,964	835	164	78	45	34	13	12	15	13	8	15	284
	Tot	39,734	31,943	3,162	1,147	821	587	374	244	213	211	120	42	36	834
Avg.	Res	\$ 87	\$ 60	\$ 126	\$ 207	\$ 289	\$ 276	\$ 225	\$ 205	\$ 174	\$ 167	\$ 230	\$ 478	\$ 449	\$ 218
	Comm	\$ 992	\$ 921	\$ 1,051	\$ 1,582	\$ 2,452	\$ 3,338	\$ 3,386	\$ 5,409	\$ 4,793	\$ 4,365	\$ 4,304	\$ 3,806	\$ 1,132	\$ 391
	Tot	\$ 280	\$ 248	\$ 370	\$ 403	\$ 494	\$ 510	\$ 513	\$ 482	\$ 435	\$ 466	\$ 672	\$ 1,112	\$ 734	\$ 277

Source: PageCenter CN750M#B

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National Grid
Record Request No. 2

Request:

RR-2 (Grid) To what extent does National Grid's purchase of existing receivables find its way into the cost of service in the next rate case. Please explain in detail.

Response:

The purchase of existing receivables would impact the net write-off percentage used to establish the allowance for uncollectible expense in the cost of service, as well as the lead-lag study used in the calculation of cash working capital included in rate base. Any of the write-offs associated with the purchased receivable balance will be analyzed and excluded from the calculation of the Company's net write-off percentages. Likewise, the purchased receivables and any associated allowance for bad debt on those purchased receivables would be excluded from the Company's lead-lag study. The Company will take all possible actions so that the No-Recourse POR Program does not result in double recovery of bad debt, subject to any orders or directives from the Public Utilities Commission.

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National Grid
Record Request No. 3

Request:

RR-3 (Grid) Please compare the amount of existing receivables compared to a comparable pre-Covid period, identifying the period used.

Response:

Please see Attachment RR-3 which lists the aged existing non-regulated power producer receivables for each of the Company's fiscal years ending March 2017 through March 2021 as well as for the most recent completed month-end of May 2021.

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Attachment RR-3

Non-Regulated Power Producers Aged Existing Receivables in Rhode Island															
	Curr	30-59	60-89	90-119	120-149	150-179	180-209	210-239	240-269	270-299	300-329	330-359	360 and plus	Total AR	60+
Mar-17	\$ 7,930,003	\$ 1,167,243	\$ 661,280	\$ 394,263	\$ 209,437	\$ 126,607	\$ 104,063	\$ 46,561	\$ 16,335	\$ 7,814	\$ 4,525	\$ 3,501	\$ 74,257	\$ 10,745,890	\$ 1,648,644
Mar-18	\$ 9,642,443	\$ 1,693,239	\$ 632,382	\$ 371,835	\$ 161,983	\$ 115,311	\$ 82,836	\$ 55,980	\$ 43,918	\$ 35,490	\$ 28,762	\$ 34,052	\$ 72,951	\$ 12,971,181	\$ 1,635,500
Mar-19	\$ 10,175,122	\$ 1,443,858	\$ 506,651	\$ 358,137	\$ 208,571	\$ 100,266	\$ 79,154	\$ 44,093	\$ 26,293	\$ 13,691	\$ 8,568	\$ 7,600	\$ 99,344	\$ 13,071,349	\$ 1,452,370
Mar-20	\$ 7,941,169	\$ 1,267,533	\$ 409,283	\$ 282,664	\$ 129,011	\$ 128,528	\$ 119,626	\$ 73,863	\$ 49,302	\$ 32,984	\$ 20,075	\$ 19,202	\$ 141,963	\$ 10,615,202	\$ 1,406,500
Mar-21	\$ 9,630,876	\$ 1,300,789	\$ 621,864	\$ 339,792	\$ 182,718	\$ 151,548	\$ 176,899	\$ 148,074	\$ 72,920	\$ 44,007	\$ 32,615	\$ 26,695	\$ 220,538	\$ 12,949,335	\$ 2,017,670
May-21	\$ 7,915,133	\$ 1,169,579	\$ 462,522	\$ 405,678	\$ 299,560	\$ 191,766	\$ 117,593	\$ 92,556	\$ 98,288	\$ 80,582	\$ 46,692	\$ 26,409	\$ 231,124	\$ 11,137,480	\$ 2,052,769

Source: PageCenter CN750M#B

The Narragansett Electric Company
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National Grid
Record Request No. 4

Request:

RR-4 (Grid) The proposal is for billing system upgrades for a POR to be recovered through a three-year administrative cost factor in the POR rather than over one year. Assuming the PPL acquisition of National Grid is approved, please explain for current/future billing system investments prior to the PPL transition, how these costs are recovered and tracked.

Response:

Upon approval by the Public Utilities Commissions (“PUC”) of a no-recourse purchase of receivables (“POR”) program, National Grid will create an investment plan project (“INVP”) for the implementation of the program in National Grid’s billing system. The title of the project will include language indicating that the costs are not customer recoverable. The work order(s) which are created to track costs will not be classified as recoverable from customers and will be manually removed from all reports utilized to track customer recoverable costs. A similar method was successfully utilized when the Company’s Massachusetts affiliate implemented a POR program.

Given the proposed 180-day period to implement a POR program, duplicate billing system implementation costs may likely be unavoidable should the PPL acquisition of the Company be approved. As explained above, National Grid would be responsible for the initial implementation of the POR program in its billing system and would incur those costs.¹ PPL would then have to update its systems assuming the PPL acquisition of National Grid is approved. The Company anticipates that its implementation costs will be recovered from non-regulated power producers participating in the POR program through the three-year administrative cost factor component of the Standard Complete Billing Percentage.

¹ National Grid is likely to incur implementation costs both before PPL’s acquisition of the Company takes place, assuming approval of the POR program is prior to the sale transacting, and after, as the Company will likely be providing billing services to PPL until such time as PPL has programmed its billing system to accommodate the Company’s electric and gas rates.

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RESA
Record Request No. 5

Request:

RR-5 (RESA) Referencing paragraph D.2.a, please confirm that RESA has no objection to adding language at the end of the sentence, “unless otherwise determined by the Commission.”

Response:

Please see RESA’s response.

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National Grid
Record Request No. 6

Request:

RR-6 (Grid) Please confirm that so long as the calculation of the SCBP uncollectible rate is the same in the numerator as the denominator, National Grid will not be double collecting bad debt.

Response:

The calculation for the Standard Complete Billing Percentage (“SCBP”) and the Uncollectible Percentage (“UP”) are described in the Company’s response to PUC 1-1 and PUC 1-4.¹ It is the intent of the Company not to double recover bad debt. The Company will take all possible actions so that the No-Recourse POR Program does not result in double recovery of bad debt, subject to any orders or directives from the Public Utilities Commission to the contrary.

¹ [http://www.ripuc.ri.gov/eventsactions/docket/5073-NGrid-DR-PUC1%20\(PUC%203-17-2021\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5073-NGrid-DR-PUC1%20(PUC%203-17-2021).pdf)

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National Grid
Record Request No. 7

Request:

RR-7 (Grid) Does the AMP threshold write-off test affect the POR uncollectible percentage or does POR affect the calculation of the AMP write-off threshold test? Is there any shifting of risks between groups of customers as a result of the threshold write-off test in the context of POR?

Response:

The AMP threshold write-off test does not affect the POR uncollectible percentage. The approval of a No-Recourse POR program would affect the calculation of the AMP-write off threshold test. Pursuant to the Residential Assistance Provision, R.I.P.U.C. No. 2239, at the end of each calendar year, the Company performs a test to determine if the amount of bad debt for the year exceeds the adjusted allowable bad debt allowances in the Company's rates. This allowable bad debt recovery is calculated using the distribution uncollectible amount determined in the last general rate case, updated for the current calendar year allowances includes in the rates for Last Resort Service, transmission, Renewable Energy Growth, Long Term Contracting for Renewable Energy Recovery, and Energy Efficiency. To the extent the actual amount of net charge offs for the year in the test includes bad debt associated with the receivables purchased by the Company, the allowable bad debt recovery in the test will need to be adjusted to include the amount of the discount taken on the purchased suppliers accounts receivables during the calendar year through the uncollectible percentage ("UP") component of the Standard Complete Billing Percentage. With the modification of the threshold test to incorporate the POR program's UP discount taken on purchased accounts receivable, the Company does not believe there is a shift of risk between groups of customers.

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National Grid
Record Request No. 8

Request:

RR-8 (Grid) The Company has assumed there are no circumstances that would shift risk to other ratepayers. Please confirm that if [the] risks end up being shifted to other ratepayers, the Company will cover those costs and not ratepayers.

Response:

The purchase of receivables (“POR”) program proposed by the Retail Energy Supply Association (“RESA”) and the Term Sheet agreed to by the Company model the Rhode Island POR program after the Massachusetts POR program. Given the Company’s familiarity and experience to date with the Massachusetts POR program, the Company cannot envision a scenario in which customers would bear the costs of a RI POR program. However, as stated in the Company’s response to Division 1-1 (page 3),¹ with the implementation of any new program, there is always the risk of unforeseen circumstances, and the Company cannot make any assurances that customers in Rhode Island would not be impacted.

For instance, in the event that POR program costs are owed to the Company from non-regulated power producers (“NPPs”) and all NPPs participating in the POR program leave the Rhode Island marketplace for whatever reason, and there are no NPPs from whom the Company can recover these POR program costs, the Company would have to determine at that time whether or not it would request cost recovery from customers.

¹ [http://www.ripuc.ri.gov/eventsactions/docket/5073-NGrid-DR-Div1%20\(2-12-2021\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/5073-NGrid-DR-Div1%20(2-12-2021).pdf)

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National Grid
Record Request No. 9

Request:

RR-9 (Grid) Is the portion of the program design in paragraph E.2 the same as in Massachusetts? (a) If not, please explain the differences. (b) If the design is not the same, will the proposal in E.2 change the estimated program implementation costs that were set forth in National Grid's Response to RESA 2-1? (c) If the estimated program implementation costs would be affected, please estimate the difference.

Response:

Yes; the portion of the program design in paragraph E.2 is the same as in Massachusetts. As such, the Company believes the costs for implementing the program in Rhode Island will be similar to the costs in Massachusetts, and the Company's estimate is not changing. Please note, however, that this is only an estimate and the costs may change as the project progresses.

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National Grid
Record Request No. 10

Request:

RR-10 (Grid)

- a) Do any non-regulated power producers in RI list a customer charge when utilizing the Company's bills.
- b) If so, where can the NPP customer charge be found on the Open Access Reports that are filed in Docket No. 2515?
- c) Is the customer charge in Massachusetts included in POR?

Response:

- a) Yes, there are non-regulated power producers who currently list customer charges when utilizing the Company's bills.
- b) These charges are included in the Generation Revenue figures in the Company's Open Access Report. The Company believes this approach is consistent with Order No. 15382 as the Company is unaware of a provision to list the customer charges separately.
See http://www.ripuc.ri.gov/eventsactions/docket/2515-Narragansett-Ord15382_Ord15399_9-97.pdf, Pages 14 and 15.
- c) Yes, the customer charge is included in POR payments to suppliers in Massachusetts.